

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-03

COME-00 DODE-00 EB-11 FEAE-00 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 PA-04 PRS-01

USIE-00 OPIC-12 ARAE-00 INRE-00 SSO-00 NSCE-00 AECE-00

DRC-01 /169 W

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O P 131653Z SEP 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC NIACT IMMEDIATE 2451

INFO AMCONSUL GUAYAQUIL PRIORITY

C O N F I D E N T I A L QUITO 6052

E.O. 11652: GDS

TAGS: ENRG EINV EC

SUBJECT: PETROLEUM: ADA CASE

REF: STATE 201447

1. IN ACCORDANCE WITH INSTRUCTIONS CONTAINED IN REFTEL, EMBASSY:
A. WILL TRY TO CONFIRM WHETHER SUBCOMMITTEES HAVE ACTUALLY BEEN
APPOINTED AND THEIR COMPOSITION. SEPTTEL WILL FOLLOW.
B. HAS MADE ONE APPROACH ON SEPT. 11 AND WILL MAKE OTHERS TO
INSURE THAT GOE IS AWARE AT HIGH LEVELS OF THE SERIOUSNESS
THE U.S. GOVERNMENT WOULD REGARD FAILURE TO MAKE PROMPT, ADEQUATE,
AND EFFECTIVE COMPENSATION.

2. HOWEVER, WITH REGARD TO INSTRUCTION CONTAINED IN PARA 4C OF
REFTEL TO MAKE AN ADDITIONAL EFFORT TO ENCOURAGE GOE TO DELAY
QUALIFICATION AND BIDDING PROCEDURES UNTIL AFTER COMPENSATION
ISSUE IS RESOLVED, WE QUESTION ON BOTH TACTICAL AND PRACTICAL
GROUNDS THE WISDOM OF TRYING TO DELAY QUALIFICATION. QUALIFI-
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CATIONS CLOSE AT 1600, MONDAY SEPTEMBER 16. THE ONLY REASON TO

BE ADDUCED IN SUPPORT OF OUR REQUEST WOULD BE THAT WE QUESTION GOE INTENTIONS TO COMPENSATE ADA. WHILE WE CONCEDE THAT THERE MAY INDEED BE SOME QUESTION ABOUT THIS, AS REPORTED PREVIOUSLY WE HAVE BEEN GIVEN ASSURANCES AT HIGH LEVELS ON THIS SPECIFIC POINT. THE MORE EFFECTIVE TACTIC, IT SEEMS TO US, WOULD BE TO SEEK TO DELAY THE ACTUAL AWARDED OF BID IF NO PROGRESS IS MADE IN THE INTERIM TOWARD COMPENSATION. ON PRACTICAL GROUNDS, IT WOULD BE DIFFICULT IF NOT IN FACT IMPOSSIBLE NOW TO GET A DECISION ON THIS DELAYING QUALIFICATION MATTER BEFORE THE AFTERNOON OF SEPTEMBER 16: THE PRESIDENT IS OUT OF THE CITY; THE MINISTER OF NATURAL RESOURCES IS IN VIENNA; THE SUBSECRETARY OF NATURAL RESOURCES HAS BEEN IN OFFICE ONLY A FEW DAYS: AND THERE ARE INDICATIONS THAT THERE IS ABOUT TO BE A FULL RESHUFFLE IN THE MINISTRY. IT IS ACCORDINGLY UNLIKELY, ON PRACTICAL GROUNDS ALONE, THAT AN ATTEMPT AT THIS LATE JUNCTURE TO OBTAIN A FURTHER POSTPONEMENT OF PREQUALIFICATION FOR BIDDING WOULD PROSPER.

3. IT SEEMS TO US THAT ADA, WHILE RESERVING ITS CLAIMED RIGHTS TO BLOCK 11, WOULD BE WISE TO CONSIDER PREQUALIFYING IN ACCORDANCE WITH THE TERMS OF THE PREQUALIFICATION BIDDING WHICH CLOSES AT 1600 HOURS SEPTEMBER 16. IT MAY JUST BE, AS ADA OFFICIALS THINK, THAT NO OTHER BIDDERS PREQUALIFY. IN THIS CASE ADA CAN MAKE UP ITS MIND LATER WHETHER OR NOT TO PURSUE THE BIDDING TO AN AWARD. IF OTHERS ALSO PREQUALIFY, ADA WILL PRESUMABLY HAVE LOST NOTHING IN THE ATTEMPT.

4. AFTER PREQUALIFICATION, IN ACCORDANCE WITH THE CIRCUMSTANCES, (INCLUDING WHETHER THE GOE IS TAKING EFFECTIVE STEPS TOWARD COMPENSATION), THE EMBASSY WILL ATTEMPT TO SEE THAT THE BID IS NOT AWARDED UNTIL AFTER COMPENSATION IS ASSURED.

5. ACTION REQUESTED: THE DEPARTMENT'S REPLY IS REQUESTED BY IMMEDIATE NIACT TELEGRAM.
BREWSTER

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